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Letter dated 17 June 2008 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the national report of the United Kingdom, entitled "Implementing the internationally agreed goals and commitments in regard to sustainable development", for the annual ministerial review to be held during the high-level segment of the 2008 substantive session of the Economic and Social Council (see annex).

I would be very grateful if you would circulate the present letter and its annex as a document of the Council, under item 2 (c) of the provisional agenda.

(*Signed*) John **Sawers**
Permanent Representative

* E/2008/100.

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Annex to the letter dated 17 June 2008 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the President of the Economic and Social Council

National voluntary presentation of the United Kingdom

Implementing the internationally agreed goals and commitments in regard to sustainable development

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1. Background

UK development aid

The UK is leading the way in the fight against poverty. We estimate that the UK's Department for International Development helps to lift 3 million people out of poverty every year.

The UK's development aid will continue to increase over the next three years, and by 2010 will have more than trebled in real terms since 1997. This investment will ensure we deliver the promises made by the UK at the G-8 summit in Gleneagles in 2005, and help countries to accelerate their progress towards meeting the Millennium Development Goals (MDGs).

How well is the UK working? What are we doing to help the billion people around the globe who live in extreme poverty? *DFID's Annual Report 2008* "Development: Making it Happen" sets out what we did between April 2007 and March 2008 to bring about changes for the better in the developing world.

The report gives a full account of where we spent public money over the last year, and where we have pledged to spend it in coming years, to tackle the challenges that we face.

For example, the UK has:

- Provided improved access to water and sanitation, strengthened nutrition and essential health care to 1.5 million people in Zimbabwe;
- Through our contribution to UNICEF helped provide nutritional support to 80,000 acutely undernourished children;
- Through its support to the Government of India's universal elementary education programme, helped get more than 27 million more children enrolled in school between 2003 and 2006;
- Through its humanitarian assistance in Africa contributed towards the delivery of emergency nutrition, health, shelter, protection and livelihoods recovery programmes reaching approximately 30 million people;
- Through its contribution to the Afghanistan Reconstruction Trust Fund helped ensure that 5.4 million Afghan children are now gaining an education, over a third of them girls.

"Development: Making It Happen" is a comprehensive account of an important year for DFID with more attention given to how effectively and transparently aid has been delivered. It is a record of the work that we have done, and a statement of the work that we will do, to keep our promise of ensuring better lives for the world's poor.

The UK and sustainable development

The United Kingdom can claim a long standing commitment to the environment and sustainable development. We have shown leadership on important global environmental concerns from the illegal trade in timber and endangered species, to the recognition of environment as a key dimension of poverty reduction, and most recently in the lead up to the Bali meeting on climate change. Many of the world's leading environmental thinkers and NGOs either come from or are based in

the UK, while British industry and commerce has historically been quick to see the opportunities associated with pollution control, cleaner production, and more recently low carbon growth. The European Carbon Emissions Trading System, the most advanced system of its type, is based in London.

However, the UK also has a large global ecological footprint in terms of emissions and solid waste. The UK is a major consumer using more than 6 times as much energy per person as in many developing countries[1] with per capita CO_2 emissions that are around 100 times the emissions of countries like Bangladesh or Ethiopia. We import 90 per cent of our food, are a major consumer of luxury items from cars to computers, use very large quantities of water, of timber and newsprint and we also generate large amounts of household, construction and industrial waste. In 2004 and 2005 the UK produced about 335 million tonnes of waste.

Therefore irrespective of past successes — from helping to phase out CFCs, to addressing the regional effects of acid rain, introducing the landfill tax, or removing lead from fuel — our share of the responsibility for promoting environmentally sustainable development both at home and abroad remains considerable.

At the 2002 World Summit on Sustainable Development the UK, among others, made a strong and ultimately successful case for greater integration of the environment with development objectives. The Summit articulated more clearly than ever before that the poor are dependent on the environment for their livelihoods and are particularly vulnerable to environmental change, such as floods, droughts and other natural disasters.

Consequently environmental sustainability was recognized as underpinning other development objectives, a principle already enshrined in Millennium Development Goal 7 but which had not been sufficiently well recognized until that point. However progress against MDG 7 has been mixed (see box below).

Since the Millennium Declaration, global climatic change has emerged as one of the defining issues of our time and brought environment and development issues into much sharper focus. Recent global assessments such as the United Nations Global Environment Outlook (2007) and the Millennium Ecosystem Assessment (2005) all point to increasing environmental and natural resource degradation. The most recent assessments of climate change indicate that environmental change is likely to be overwhelming for most poor countries. Already a third of the world's people live in countries which don't have enough water, and by 2025 (on current trends) it will be two thirds.

[1] International Energy Agency. World Energy Outlook, 2000.

→ **Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.** Many developing countries' national plans and policies lack effective measures to address environmental degradation and promote the sustainable use of natural resources. A World Bank assessment of 53 Poverty Reduction Strategy Papers showed limited integration of environmental issues, although there was gradual improvement from 2002-2004.

→ **Target 10: By 2015, halve the proportion of people without sustainable access to safe drinking water and sanitation.** 1.1 billion people still lack safe and reliable water supplies, while 2.6 billion lack access to basic sanitation.[2] If trends since 1990 continue, the world is likely to miss the sanitation target by almost 600 million people. Indeed, the UN's own assessment concludes that meeting this target "will require extraordinary efforts".

→ **Target 11: Improve the lives of at least 100 million slum dwellers by 2020.** In 2005, one third of urban dwellers were living in slum conditions. Already, half the world's population live in cities and towns; this figure is expected to swell to 60 per cent by 2030.

2. Reversing environmental resource degradation

If we look at the growth trajectory of most developing economies, they rely on use of natural resources, in particular forests and sub-soil assets. However an important distinction between economies that are successful and those that founder, is whether or not resource wealth is being used as a source of development finance.

Botswana provides an example of a country that has understood this message. An extremely poor and landlocked country, since independence it has transformed its diamond wealth into economic growth through far-sighted government fiscal policy and a commitment to invest in education, health and infrastructure.

Underlying factors contributing to sustainable conversion of natural capital (land, forests, protected areas, sub-soil assets) into long-term economic growth can broadly be grouped into *"market measures"* such as valuation of environmental resources or incentives to shift economic behaviour; and *"governance measures"* such as better regulation of markets and increased transparency in the allocation of property rights.[3]

Market measures remain relatively scarce in developing countries, largely because they tend to be too sophisticated to apply. However there is work that can still be done in demonstrating and building political support for economic valuation environmental resources. In time, with the increasing focus on improving public

[2] UN Global Environment Outlook: GEO-4 (2007).

[3] Political factors also play an important part (such as changes to local power structures associated with decentralization) but are more contextual and less responsive to policy reforms.

financial management, the opportunities to design and apply public policy in this area will improve.

By contrast the opportunities for improving the governance of natural resources are very broad indeed, particularly as governments increasingly move towards democratization and decentralization.

- Regulatory reforms will be fundamental in order to reflect a more equitable distribution of environmental and natural resource rights recognizing, in particular, the needs of the poorest.
- Greater transparency in the way in which natural resources are utilized will be required, in order to address corrupt practices which have become synonymous with environmental degradation. The Extractive Industries Transparency Initiative (EITI), which the UK has played a leading role in establishing, is one particularly successful example of ways in which to promote governance reform.
- Local communities will need to be supported in taking advantage of these reforms, so that they are able to negotiate a fair deal with governments and investors over access to natural resources.

Scaling up efforts in each of these areas will also increase the resilience of the poor to global climatic change — two billion poor people rely directly on environmental resources for food, household income, shelter, water and sanitation.

3. What are the risks of not making progress on MDG 7?

In international development terms, the risks are clear. Ensuring sustainable management of environmental resources, providing safe water and access to sanitation are prerequisites for achieving the other MDGs, in particular MDG 1 on poverty and hunger, MDG 4 on child mortality and MDG 5 on maternal health. Meeting the hunger target, for example, will require a doubling of the current demand for water from crops alone.[4] Meeting the child mortality targets will require access to safe water, barely on track worldwide and seriously off track in sub-Saharan Africa.

The costs of inaction are likely to be high, both in terms of direct costs and forgone development opportunities. The economic losses due to lack of access to safe water and sanitation is estimated to be $14 billion per year for Africa alone, equivalent to 5 per cent of GDP across the continent. The gradual erosion of the natural resource base, upon which growth is predicated in most poor countries, combined with the degradation of critical ecosystem services (flood protection, soil generation, and nutrient supply), will significantly reduce options for future generations and increase vulnerability to climate change. By 2050, more than 200 million people could be rendered homeless by rising sea levels, floods and drought, while agricultural yields in some countries could be reduced by as much as 50 per cent. Furthermore, necessary humanitarian responses to disasters now cost donors $6 billion per year, or a total of 7 per cent of total ODA flows — a figure which is likely to rise.

[4] Intergovernmental Panel on Climate Change, Fourth Assessment Report.

4. What is the UK doing now?

The UK is committed to sustainable development through its international aid programme, helping developing countries make improvements by balancing economic, social and environmental factors. Our activities fall under three broad groups: direct contributions to improving environmental management; tackling underlying factors; and facing up to climate change.

UK's main commitments on international sustainable development

- The UK's Third White Paper on International Development (2006) puts sustainable development at the centre of the government's policy priorities and commitments over 2006-2011. It reinforces the UK's central objectives of poverty reduction and achieving the MDGs.
- The UK will follow through on international G-8 commitments, including key actions on climate change, illegal logging and increasing aid to Africa.
- The UK has ratified Multilateral Environmental Agreements (MEAs) including climate change, biodiversity, desertification, ozone layer protection, and persistent organic pollutants.
- The Global Environment Facility (GEF) is the financial vehicle for implementing many MEAs. The UK has increased its contribution and is committed to its further replenishment.
- The UK is committed to the UN-Habitat agenda which comprises a wide range of actions for tackling poverty and environmental degradation, including monitoring on MDG 7 Target 11.
- The World Summit on Sustainable Development (2002) laid out commitments in the Johannesburg Plan of Implementation (JPOI). DFID leads in four areas, including environmental integration and access to clean water and sanitation.
- The UK Sustainable Development Strategy (2005) sets out the UK's key commitments on international sustainable development for poverty reduction.

Improving environmental management

The UK works both at country level and through partnerships internationally to support better governance of environmental resources such as water, forests, fisheries, biodiversity and land. We know a lot about what works well and why. For example we know that people are much more likely to invest in environmental management once they have clear and secure rights to land.

In Indonesia through our multi-stakeholder forestry programme, we have been helping local communities, local government and civil society to work together in providing secure access for the poor to already denuded forest land. In Cambodia, where 80 per cent of rural households do not have formal land title, we support the

introduction of land rights which have been shown to increase agricultural productivity by as much as 60 per cent.

In Tanzania the UK worked with UNDP to help the Government to better integrate environmental management in its National Strategy for Growth and Poverty Reduction. Assistance included developing poverty-environment indicators as part of the Strategy's poverty monitoring system and budgeting processes, and work with key stakeholders in developing the strategy. As a result, 14 per cent of targets across key areas of the Strategy relate to environmental management, such as reducing land degradation, water pollution and loss of biodiversity.

Through our support for transboundary initiatives we have helped to improve the governance of critical natural resources which have historically been flash points for regional conflict. The Nile Basin Initiative is a forum for dialogue among the 10 countries that border the Nile. The forum has brought in a wider range of stakeholders and solutions and helped to stimulate economic growth. Similarly, the South Asia Water Initiative promotes dialogue on sharing the benefits of water utilization among seven countries, as well as promoting regional collaboration on research.

Tackling underlying factors

Getting more from trade

One of the most fundamental ways in which the UK can effect change to support environmentally sustainable development is through reforms to international trade policy. Most goods traded with developing countries are natural resource derived, providing opportunities to promote the sustainable use of those resources while also ensuring a fair deal for the poor. The UK has established a cross-government Trade Policy Unit to increase coherence in aid and trade policies and to help to place a greater priority on developing country needs.

Our support for the EU Forest Law Enforcement, Governance and Trade initiative is a good example of how trade can promote sustainable production in poor countries. Voluntary Partnership Agreements between the EU and producer countries promote trade in legal timber. At the same time the EU assists better forest governance in those countries. Current negotiations between the EU and Indonesia, Malaysia, Cameroon and Ghana aim for agreement by the end of 2008.

The UK is leading efforts to tackle illegal fishing including supporting the fishing industry, the Marine Stewardship Council and the Fair-trade Foundation to promote certification for fisheries products. This will help to ensure that future fish supplies into the European Union are sourced legally and sustainably.

Trade also holds the potential to promote environmentally sustainable development by accelerating the development and increased use of low carbon goods, services and technologies. For example, the WTO Committee on Trade and Environment associated with the Doha Development Agenda is looking at ways to reduce tariff and non-tariff barriers for a range of low carbon products, such as wind turbine parts and photovoltaic cells. Removing tariff and other barriers encourages diffusion of sustainable technologies, the skills needed to use them and further innovation.

Valuing environmental resources

Sustained economic growth is the single most powerful means of lifting people out of poverty, and in most poor countries it is largely built on naturally derived wealth. Where possible we look for opportunities to encourage our developing country partners to assess the value of environment resources and to understand the opportunities presented by improved environmental management.

The DFID/World Bank supported economic assessment of the contribution of natural resources to Ghana's growth has led to a long-standing engagement with the Ministry of Finance on the costs of environmental degradation. Natural resources were found to generate 25 per cent of government revenues. This initiative led to constructive engagement with the Ministry of Finance on the costs of environmental degradation — calculated to be 10 per cent of GDP per year — and on the importance of using natural resources sustainably for improved long-term growth prospects.

The UK also provided financial and technical support for small-scale cocoa farmers in Ghana, and in 1999 stepped in to guarantee a £400,000 loan to set up a company to market the fairly traded cocoa. Importantly, DFID's loan guarantee contained an innovative provision, enabling the farmers to own 33 per cent of shares in the holding company, giving them a stake in how their chocolate was produced and sold as well as a share of the profits.

Building capacity

Better valuation of natural assets opens up opportunities to build capacity and strengthen national systems for environmental management. These systems remain largely under-funded in national budgets and DFID is making the case for more environmental funding through the budget process. The shift towards aligning donor support behind developing country priorities presents specific opportunities to do this. We have recently been working with the Irish Government to develop and apply guidance so that budget support programmes can better address the need to build capacity for environmental management.

Internationally, the UK has continued to make good progress through our Sustainable Development Dialogues with Brazil, China, India, Mexico and South Africa. These bilateral partnerships, agreed at Ministerial level, and supported by a fund of around £11 million over the four years from 2007-08, are designed to deliver our commitments under the World Summit on Sustainable Development. Last year we signed off strategic workplans with China and Mexico and are developing workplans with the other dialogue countries. These workplans guide specific activities under the dialogues and many exciting activities have been launched last year.

For example, we are working with Yunnan province, China, to share best practice in industrial resource efficiency and waste management, taking the experience of the UK's National Industrial Symbiosis Programme (NISP) and similar work with Mexico where NISP's approach has already been incorporated into the draft national waste strategy. We are also undertaking a series of projects in India to develop sustainable forestry practices for community forests that produce economic, environmental and social benefits.

Research

We are investing up to $2 billion on development research over the next five years, to help to address global challenges likely to affect poor countries and poor people the most — such as climate change, population movements, and rising oil and food prices. This will include research into valuation of natural resources as well as looking at how political processes, policy reform and institutional issues affect natural resources management.

The DFID-supported Ecosystem Services for Poverty Alleviation (ESPA) research programme will tackle complex problems associated with the sustainable management of ecosystems, for poverty reduction. The work builds on the findings of the Millennium Ecosystem Assessment. It will help developing countries to formulate and manage successful research projects, and develop better tools to assess ecosystem services and their impacts on human well-being.

Facing up to climate change

The effects of climate change that will occur over the next generation are now inevitable. However there is a lot that can and must be done to help developing countries to adapt and to protect the most vulnerable. The UK's work in three related areas will make this happen by: helping countries to understand the risks of climate change and how to adapt; helping them to integrate this knowledge into development plans; and by providing finance to meet the additional costs of building climate resilience.

Climate change impacts

By 2080, an extra 600 million people worldwide could be affected by malnutrition. An extra 400 million people could be exposed to malaria. And an extra 1.8 billion people could be living without enough water.

By 2050, 200 million people could be rendered homeless by rising sea levels, floods and drought.

Glaciers in the Himalayas are likely to disappear by 2035, affecting the water supply of three quarters of a billion people in Asia.

In 2007 the UK established the $1.5 billion Environment Transformation Fund (ETF) as a vehicle for scaling up funding to tackle climate change and associated environmental management challenges. Focal areas will include: financing clean technology for climate change; promoting investments for sustainable forest management; and piloting the integration of climate resilience into country level development plans and budgets.

We are considerably increasing our support for research into adaptation, linked to a Climate Change Network to ensure that developing countries have access to this knowledge. We have completed climate risk assessments in four countries (India, Bangladesh, Kenya and China) and we are supporting specific actions to help the poor respond in vulnerable areas such as Bangladesh's low lying and exposed coastal sand and mudflats, known as "the Chars".

5. Raising our game to meet current and future challenges

We need now to scale up action in a number of proven and strategic areas that are most likely to deliver a development benefit, and help to achieve MDG 7 outcomes.

Integrate a strong development perspective into the challenges of global climatic change. More than any current environmental issue, climate change has the potential to refocus international attention on MDG 7. Related outcomes which are now key priorities for the UK include:

- Reframing the climate change debate so that development is considered central to agreeing a fair post 2012 global deal and, in order to facilitate this, building a coalition to help developing countries work out and negotiate their objectives;
- Helping developing countries now to move onto low carbon and climate resilient growth pathways, by supporting the proposed Strategic Climate Fund.

Help developing countries to better understand the economics of natural resources management and how to build sustainable growth strategies. For natural resource dependent countries in particular, this means:

- Significantly increasing the amount of quality information available to policymakers on how natural resources and environmental services support economic growth;
- Providing specific and practical policy advice on measures necessary to sustain economic growth in the medium to long term;
- Strengthening both the amount and quality of the dialogue between Ministries of Finance and Environment/Natural Resource Ministries.

Continue to strengthen environmental governance through support for better policies and institutional capacity at country level — for example we need to:

- Make sure that countries can make the best use of already scarce water by having single national water resource plans to meet basic needs, support agricultural and industrial growth, prepare for increasing climate variability, and ensure equitable allocations to avoid conflicts internally and with neighbouring States;
- Ensure access to land and other critical natural resources for the poorest and provide the additional support that they need to build sustainable livelihoods;
- Continue to support and draw from successful global initiatives such as the Sustainable Development Dialogues and the UNDP/UNEP Poverty Environment Initiative.[5]

Provide more direct support for "what works well" in addressing specific MDG 7 targets, particularly in relation to the provision of safe water and sanitation, for example:

- The UK is providing a $75 million sanitation, hygiene and water supply programme for Bangladesh jointly implemented by the Government and UNICEF, as well as a similar programme in Ethiopia.

[5] The PEI provides financial and technical support to ensure that national planning and budget processes are aligned to MDG7 outcomes.

Harness the transforming potential of trade in promoting environmentally sustainable development, for example by:

- Using current debate over high food prices to make progress on agricultural trade reform to provide incentives for developing countries to invest in land reform and increasing agricultural productivity;
- Increasing aid for trade to help developing countries to benefit from new opportunities such as the transfer of low carbon environmental technology and related services;
- Developing sustainability standards and global norms for particular products and the use of these standards by the WTO as a reference point.[6]

6. Aid effectiveness in support of the Millennium Development Goals

Meeting the Millennium Development Goals and addressing the challenges created by climate change requires concerted action by all countries, rich and poor, developed and developing. Developing countries must take the lead in setting the policies and strategies that will help them to develop, to fight poverty, and to reduce their risk to natural disasters. But rich countries also have a crucial role to play, in providing enough aid of the right quality, and focusing on the results achieved.

2008 is a key year for international development. The Accra High Level Forum on Aid Effectiveness, the MDG Call to Action, and the United Nations Financing for Development meeting will provide key opportunities to reach agreement in the crucial areas that will make a difference for poor people.

The UK Government wants to see the 2008 meetings generate progress in:

- **More aid** — enhancing our efforts to ensure that the 2005 EU and G-8 aid targets are met
- **Better aid** — making aid work harder for poor people by respecting country leadership
- **Focus on results** — greater political momentum towards meeting the MDGs

More aid is vital if we are to promote long-term development and address the challenges caused by climate change. Aid is needed to help meet the Millennium Development Goals and address the immediate needs of the poorest. This is doubly important given the expected increase in natural disasters caused by climate change.

Better aid means making sure that each dollar of aid generates the maximum impact on poor people's lives. This means ensuring that aid does not only generate short-term results today, but helps to build up effective and accountable States that are able to fight poverty over the longer term. It means providing aid in ways which help to build up State capacities, so that States can set the policies and provide the services that are vital for poor people. It means helping to ensure that States are more accountable to their own citizens for the use of both their own and donor resources. Over the very long term, it means helping poor countries to be more self-reliant and no longer in need of aid.

[6] The office of Climate Change's global technology project is currently looking at the role of international standards in promoting low carbon technologies.

Focusing on results means that Governments must meet their ODA commitments to achieve the MDGs. But government funding and policy change alone will not be enough. The MDG Call to Action initiative is concerned with widening the effort to achieve the MDGs to include private sector, faith groups, civil society and NGOs and setting out what needs to be done now. Halfway to 2015 we have made some vital progress but we still face an enormous challenge. Without an extraordinary effort we will fail to achieve the MDGs. If we work more closely and with a broader range of players with greater cooperation then we can achieve the goals we have set ourselves. The Call to Action seeks to do this.

7. What is the UK doing for greater aid effectiveness?

Meeting our commitments on aid volumes

The UK is one of the world's largest bilateral donors. Our official development assistance (ODA) has trebled since 1997, from £2.1 billion to £6.85 billion a year by 2006. The UK is firmly committed to further increasing aid to reach the 0.7 per cent target by 2013, two years ahead of the joint European Union aid volume target agreed in 2005. We are firmly on track to meet this target. UK aid will exceed £9 billion, or 0.5 per cent of our gross national income, by 2010, an increase of more than £4 billion over the next three years.

Implementing the Paris Declaration on Aid Effectiveness

The UK strongly supports the Paris Declaration on Aid Effectiveness as an important milestone in improving the impact of aid on poor people. The 2006 monitoring survey on the implementation of the Paris Declaration identified that the UK is on track to meet all the Paris Declaration targets and that we perform above the donor average in all areas. But in order to ensure that our performance remains strong, we are ensuring that the Paris Declaration principles are fully incorporated into our policies, procedures and strategies.

We have taken steps to improve aid effectiveness in line with all five of the Paris Principles:

Country ownership is the foundation of the Paris Declaration. Without ownership, aid will not achieve lasting poverty reduction. We are supporting country ownership by agreeing ten-year Development Partnership Arrangements (DPAs) with partner countries. Over the past two years, we have made such agreements with Yemen, Zambia, Pakistan and Uganda.

The UK's position on conditionality also supports country ownership. Our position is that conditionality should not be used to impose specific policy choices on recipients. We have also successfully influenced the World Bank to issue new Good Practice Principles on conditionality.

As well as working directly with governments, we support greater country ownership and accountability between States and their citizens by strengthening parliaments and supporting civil society organizations. In Nigeria we have a £2.65 million programme to strengthen the capacity of the National Assembly. In Afghanistan, we are helping the non-government organization Womankind Worldwide to empower women and help them to influence policy.

The second pillar of the Paris Declaration is **alignment**. Alignment means donors basing their overall support on partner countries' national development strategies, institutions and procedures. Alignment is important because aid will be more effective in immediately reducing poverty and in building up effective and accountable States if it works *with* government policies and systems, rather than bypassing them.

In Rwanda, for example, the majority of aid to the health sector is spent via NGOs, local government or separate donor projects, rather than through Central Government. As a result, some of the most prevalent diseases receive only a small share of aid. The government has a strategy to scale up health services, based on evidence of what would work for the poor, but does not have enough central financing to implement its strategy.

Our experience is that in the right circumstances, the best way to strengthen government systems is by using them. We use three "partnership commitments" to determine whether we should use our aid to support partner government policies and strategies:

- Commitment to poverty reduction;
- Respect for human rights; and
- Commitment to strengthening public financial management, good governance and fighting corruption.

In countries where the partner government meets these commitments, we align with government priorities and use country systems to manage our money, for example by providing budget support or other programme-based approaches.

The UK is aligning behind country priorities by providing poverty reduction budget support, both general and sector-based, in countries where we assess that the partner government meets the three partnership commitments. In 2006/07, we provided budget support to 14 countries, constituting 18 per cent of our total bilateral programme. We also support sector-wide approaches, which align donor support behind government-led strategies in particular sectors. In Malawi, we are supporting an Essential Health Package to reduce illness and premature deaths among poor people. The number of women giving birth in certain hospitals in Malawi increased by 200 per cent in 2006.

The third pillar of the Paris Declaration is **harmonization**. Harmonization means donors better coordinating their actions and adopting simple and transparent common procedures. Harmonization is important because uncoordinated aid can divert government staff and Ministers away from essential functions and into managing individual donor projects and agendas. In 2005, DAC estimates showed that 34 countries received 10,453 donor missions, one per country each working day. The average number of donors that each partner country has to deal with has grown from about 12 in the 1960s to more than 30 in 2001-2005.

The UK is working with other donors to harmonize aid in a number of ways:

- Working with partners and other donors to agree **Joint Assistance Strategies**, for example in Ghana and Tanzania.
- Developing **joint donor offices**, for example in Sudan and Cambodia.
- Agreeing **delegated cooperation or "silent partnership" agreements with other donors**. This enables us to channel our funds through other donors and reduces the administrative burden on partner countries. In Yemen, for example, the UK

recently agreed to contribute £3.5 million to the Netherlands government over five years to fund health programmes.

- Working with partner countries and other donors to agree a better **division of labour** among donors. In Zambia, for example, the Ministry of Finance has estimated that the government-led division of labour exercise, in which we participated, reduced transaction costs by at least 50 per cent.

- In countries where systems are weak and we have fiduciary concerns about providing budget support, we channel aid through **multi-donor trust funds**, which incorporate the principles of programme-based approaches. Examples include the World Bank managed Afghanistan Reconstruction Trust Fund (ARTF).

The fourth element within the Paris Declaration is **managing for development results**. To further improve our results focus, we have published a Results Action Plan. This outlines priority actions to ensure that we and our partners use evidence effectively to improve development outcomes.

In DFID we have established an Independent Advisory Committee on Development Impact (IACDI) to help evaluate the impact of UK aid. We are also working with other donors to build up the evidence of what works and what doesn't by developing joint approaches to the evaluation of impact through the OECD-DAC's Evaluation Network, the network of networks on impact evaluation (NONIE), and the development of the new International Initiative on Impact Evaluation (3IE).

We are working with other donors to enhance our understanding of the effectiveness of the various multilateral donors, and have compiled Multilateral Development Effectiveness Summaries for our key multilateral partners, published in December 2007. These summaries distil information about how well individual multilateral organizations manage their resources, contribute to results on the ground, are building for the future and working with others.

We also work with other donors through the Multilateral Organisations Performance Assessment Network (MOPAN) Group to build a common understanding and evidence base of the effectiveness of the various multilateral donors, and to carry out monitoring of multilateral effectiveness. The evidence will be used to feed into ongoing reform processes and to inform resourcing decisions. MOPAN has also encouraged multilaterals to look at ways to improve their own self-reporting.

The fifth and final principle of the Paris Declaration is that donors and partner countries are **mutually accountable** for development results. Donors and partners commit themselves to hold mutual assessments of progress in implementing agreed commitments in aid effectiveness. Effective mechanisms for donors and partner countries to hold each other accountable for their behaviour and its impact on development results can create incentives for change in donor and partner behaviour. They can also increase the opportunities for Parliaments and civil society to put pressure on donors and governments to deliver results.

The Paris Declaration target only commits donors and partners to developing country level mutual accountability mechanisms. The UK believes that better mechanisms for donors and partners to hold each other accountable are also needed at the international level. We are supporting work through the DAC to assess current mechanisms at both country and international levels, to explore gaps and consider how

these can be addressed. We would like to see progress in addressing these issues at the Accra High Level Forum in September 2008.

Pushing for faster and deeper global progress on aid effectiveness

As well as ensuring that we fully implement the Paris Declaration on Aid Effectiveness, the UK is also working to promote further reforms to the international aid system.

We are playing a key role in preparations for the 3rd **High Level Forum on Aid Effectiveness (HLF3)** to be held in September in Accra, Ghana. We are pressing for partner countries to play a strong leadership role at the HLF. We are working with partner countries, other donors and civil society organizations to promote agreement on an ambitious Accra Agenda for Action.

The UK would like Accra to secure agreement in particular on:

- Improving the predictability of aid
- Strengthening the governance of aid
- Reducing the proliferation of aid
- Strengthening incentives for donors to use and strengthen country systems
- Faster progress on the untying of aid

Moving beyond Accra, the UK also wants to work with partners to create the international momentum needed to reform our international institutions, to make them more representative and better able to effectively address today's global challenge. Priorities include improving the international community's support for countries emerging from conflict. The UK Government, led by our Prime Minister, is committed to this.

8. Focusing on results: the MDG Call to Action

Our Prime Minister had the honour, in July 2007, to launch the MDG Call to Action alongside the United Nations Secretary-General, to encourage the international community to accelerate progress to reach the MDGs. For the UK the Call to Action means harnessing the efforts not just of governments but of the private sector, civil society, NGOs and faith groups to deliver the Millennium Development Goals. It means galvanising action which is more effective and uses resources more efficiently. Since the Call to Action was launched, 42 heads of governmen' from four continents have signed the Declaration. And following a Business Call to Action event hosted by UNDP and the UK in May 2008, we now have 79 private sector leaders who have signed their support and committed themselves to core business initiatives to accelerate progress on the MDGs.

When the United Nations Secretary-General and the President of the General Assembly convene a high-level meeting on the MDGs in New York on 25 September, they will bring together world leaders with representatives from the private and non-governmental sectors, cities, faith and professional groups to take stock of progress so far, showcase successes the world could build on. set a path for the future to 2015, and allow each group to make practical commitments on the contribution they would make. Ensuring Environmental Sustainability will underpin all our successes and our challenges on the path to 2015.